Supreme Court, U.S.
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No. 94-706

In The

Supreme Court of the United States

October Term, 1994

WHITE SWAN, LTD.,

Petitioner,

vs.

THE NATURE COMPANY,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Does an unpublished Memorandum decision of a Ninth Circuit Court of Appeals panel upholding the grant of summary judgment for defendant wherein the Court of Appeals mentioned application of the clearly erroneous standard of review in connection with the narrow issue of the District Court's finding that "hummingbird" and "butterfly" are descriptive when used in connection with seed mixes for growing flowers attractive to hummingbirds or butterflies give rise to a conflict warranting the attention of the Supreme Court where the many published decisions of the Ninth Circuit are in accord with Federal Rules of Civil Procedure Rule 56 and the decisions of the Supreme Court?

2. Is summary judgment for a defendant permissible under the Lanham Act fair use defense, 15 U.S.C. § 1115(b)(4) where the undisputed facts establish that the phrase used by the defendant is not used as a trademark, is descriptive of the goods and there is no evidence of a wrongful intent to trade on a protectable interest of the plaintiff?

3. Is a petition seeking review of a Court of Appeal's Memorandum decision affirming the grant of summary judgment for defendant appropriate where the petitioner does not dispute the facts, but only disputes the conclusions that were arrived at by the District Court and the Court of Appeals based on the undisputed facts?

PARTIES TO THE PROCEEDINGS

All parties to the proceeding in the Court of Appeals are identified in the caption. Pursuant to Supreme Court Rule 29.1, respondent states that the parent company of The Nature Company is CML Group, Inc.

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RESPONDENT'S BRIEF IN OPPOSITION

I. JURISDICTION

Respondent The Nature Company accepts petitioner White Swan, Ltd's statement of jurisdiction.

II. STATUTES INVOLVED

Nature Company disputes White Swan's statement of the statutes involved. White Swan cites Sections 2 and 15 of the Lanham Act, 15 U.S.C. §§ 1052, 1065 as relevant to the case insofar as they relate to the claimed incontestability of White Swan's HUMMINGBIRD GARDEN registration. White Swan's registration is not incontestable

and therefore the provisions of Sections 2 and 15 of the Act do not apply.

III. STATEMENT OF THE CASE

After the close of discovery, after the filing of pretrial statements and several weeks before trial, the parties filed cross motions for summary judgment. White Swan's characterization of the subject and content of its motion for summary judgment as being "for summary judgment that Nature Co. was estopped from attacking validity of White Swan's marks" is false. Petn. at 2. White Swan's motion sought summary judgment on the issues of likelihood of confusion and infringement. The estoppel issue was simply an argument presented by White Swan in the context of its analysis of the strength of its marks. White Swan's estoppel argument was never identified as a separate basis for summary judgment.

On the same facts relied upon by White Swan, Nature Company sought summary judgment on the basis that there was no likelihood of confusion and infringement and Nature Company's use of "HUMMINGBIRD SEED MIX" and "BUTTERFLY SEED MIX" in connection with seed mixes for growing flowers attractive to hummingbirds and butterflies are fair uses pursuant to Lanham Act Section 33(b)(4), 15 U.S.C. § 1115(b)(4). Petn. at 5a.

White Swan owns a federal registration for the trademark HUMMINGBIRD GARDEN, but the registration is not incontestable pursuant to Section 15 of the Lanham Act, 15 U.S.C. § 1065. White Swan's petition is founded on the false claim that its mark is incontestable. White Swan is not entitled to any presumptions that derive from

incontestability, completely undermining White Swan's petition for certiorari.

White Swan's trademarks are the two word composite marks HUMMINGBIRD GARDEN and BUTTERFLY GARDEN, members of a family of descriptive "GARDEN" marks used in connection with flower seed mixes, including FRAGRANCE GARDEN, COTTAGE GARDEN, CUTTING GARDEN, PARTIAL SHADE GARDEN and LOW-WATER USE GARDEN. White Swan has never used the single words "HUMMINGBIRD" or "BUTTERFLY" alone in connection with seeds for growing flowers attractive to hummingbirds or butterflies and has no trademark rights in the single words "HUMMINGBIRD" or "BUTTERFLY."

The labels used by the parties in connection with their respective hummingbird and butterfly flower seed mixes are wholly dissimilar in appearance. White Swan's labels include the marks HUMMINGBIRD GARDEN or BUTTERFLY GARDEN and always appear with the house mark WHITE SWAN, the Swan design trademark and the secondary trademark SHAKE, SCATTER AND GROW. The Nature Company's labels feature the descriptive phrases "BUTTERFLY SEED MIX" or "HUMMINGBIRD SEED MIX" printed as unitary phrases in identical print style, including equal size and boldness and always appearing with the house mark THE NATURE COMPANY, the Hare design trademark and the secondary trademark NATURE GARDEN COLLECTION. The labels are wholly dissimilar in appearance. Petn. at 4.

No evidence was before the District Court or the Court of Appeals concerning an intent on the part of

Nature Company to trade on White Swan's HUMMINGBIRD GARDEN or BUTTERFLY GARDEN trademarks when it adopted the descriptive phrases "HUMMINGBIRD SEED MIX" or "BUTTERFLY SEED MIX." White Swan presented no evidence that consumers associated Nature Company's goods with White Swan because of the disputed phrases nor that consumers rely on the disputed phrases as source indicating trademarks rather than phrases that describe the nature, qualities and characteristics of the goods. Further, White Swan presented no evidence that the words "hummingbird" and "butterfly" are recognized by consumers as identifying White Swan as the source of flower seed mixes for growing flowers attractive to hummingbirds and butterflies. Finally, White Swan admitted that the words "hummingbird" and "butterfly" are necessary to accurately describe the parties' products: seed mixes for growing flowers attractive to *hummingbirds* or *butterflies*.

Nature Company's present label features the trademarks "NATURE GARDEN COLLECTION for HUMMINGBIRDS" and "NATURE GARDEN COLLECTION for BUTTERFLIES," not "for HUMMINGBIRDS" and "for BUTTERFLIES" as alleged by White Swan. *See*, Petn. at 4. The District Court and the Court of Appeals held these uses to be fair and non-infringing as well. Petn. at 16a, 31a.

IV. SUMMARY OF ARGUMENT

No conflict exists between the Ninth Circuit and other United States courts of appeals concerning the appropriate standard of review applicable to a district

court's decision on a motion for summary judgment. Consistent with decisions of the Supreme Court, the Ninth Circuit Court of Appeals reviews such decisions de novo. The mention of a clearly erroneous standard of review applicable to the narrow issue of a district court's determination that particular words in a trademark are individually descriptive is an aberration and is not consistent with Ninth Circuit precedent. This Court need not invest its scarce judicial resources in reviewing an unpublished Memorandum decision that has no value as precedent and may not be cited or relied upon. The Ninth Circuit Court of Appeals is capable of monitoring its decisions and correcting minor aberrations without the need for the involvement of the Supreme Court. Further, the outcome of the appeal would not be changed as the result of any action by this Court.

No conflict among the courts of appeals with respect to the application of the fair use defense of Lanham Act Section 33(b)(4) is presented by this case. The Ninth Circuit Court of Appeals affirmed the District Court's findings that the undisputed facts establish that "HUMMINGBIRD SEED MIX" and "BUTTERFLY SEED MIX" are descriptive of seed mixes for growing flowers attractive to hummingbirds and butterflies, the phrases are used otherwise than as trademarks and that such use is not unfair or in bad faith.

There is no basis in law or fact for the petition seeking review of the Court of Appeals' affirmation of the District Court's grant of summary judgment for Nature Company where White Swan's argument on appeal does not allege that there are genuine issues of material fact in dispute, but is simply a lament that the District Court and

the Court of Appeals came to the wrong conclusion after analyzing the undisputed facts.

V. REASONS FOR DENYING THE PETITION

A. The Standard Of Review Of A District Court's Decision On A Motion For Summary Judgment Within The Ninth Circuit Is Clear And Consistent With Supreme Court Precedent

No conflict exists between the Ninth Circuit and other United States courts of appeals concerning the appropriate standard of review applicable to a district court's decision on a motion for summary judgment. The Ninth Circuit reviews such decisions de novo. *Tzung v. State Farm Fire & Casualty Co.*, 873 F.2d 1338, 1339-40 (9th Cir. 1989). The Ninth Circuit cases involving the grant of summary judgment in trademark infringement and unfair competition actions under the Lanham Act are in accord. *See, e.g., Cleary v. News Corp.*, 30 F.3d 1255, 1259 (9th Cir. 1994); *Americana Trading, Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1287 (9th Cir. 1992); *White v. Samsung Electronics America, Inc.*, 971 F.2d 1395 (9th Cir. 1992); *General Bedding Corp. v. Echevarria*, 947 F. 2d 1395, 1396 (9th Cir. 1991). The standard of review applied in the Ninth Circuit is consistent with Rule 56 of the Federal Rules of Civil Procedure and the Supreme Court's decisions of *United States v. Diebold, Inc.*, 369 U.S. 654 (1962) and *Eastman Kodak Co. v. Image Technical Services, Inc.*, 112 S. Ct. 2072 (1992).

The Court of Appeals in this case applied the proper standard of review. The only mention of the clearly erroneous standard was in connection with the review of the narrow issue of the District Court's classification of the

words "hummingbird" and "butterfly" as descriptive when used in connection with seed mixes for growing flowers attractive to hummingbirds and butterflies. Petn. at 6a. This reference to the clearly erroneous standard is inconsistent with the de novo standard of review applied by the Ninth Circuit. Nevertheless, this reference to the clearly erroneous standard in the context of reviewing a determination of descriptiveness in an unpublished Memorandum decision does not give rise to a significant conflict with the decision of another United States court of appeals on the same matter.

The overwhelming authority and clearly established precedent in the Ninth Circuit is that summary judgment decisions are reviewed de novo.[1] To the extent there may be a misunderstanding by the particular panel that heard the underlying appeal, the Ninth Circuit is fully capable of internally monitoring its decisions and correcting minor aberrations. This Court need not commit its scarce judicial resources to correcting a minor misstatement in

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[1] In one published case the Ninth Circuit Court of Appeals referred to a clearly erroneous standard in the review of a decision on summary judgment. *See, Century 21 Real Estate Corp. v. Sandlin*, 846 F. 2d 1175 (9th Cir. 1988). The reference to the clearly erroneous standard in *Century 21* was recently called an aberration by the Ninth Circuit Court of Appeals in an unpublished Memorandum decision. *See, Sandoz, Ltd. v. Omware, Inc.*, 1993 U.S. App. LEXIS 33948 (9th Cir. 1993) ("Although the Ninth Circuit spoke of a mixed de novo/clearly erroneous standard in [*Century 21*], we conclude that the reference to that standard was an aberration. A district court does not make findings of fact when it grants summary judgment; therefore, the only appropriate standard is de novo review as *Century 21* itself recognized.")

an unpublished Memorandum that has no value as precedent and may not be cited or relied upon.[2] Petn. at 1a. *Oklahoma v. Tuttle*, 105 S.Ct. 2427, 2432 (1985). This is particularly true where, as here, the misstatement had no bearing on the outcome of the appeal. A plain reading of the Court of Appeal's Memorandum demonstrates that a de novo standard was applied in affirming the District Court's grant of summary judgment and that summary judgment was proper based on the undisputed facts before the District Court and the Court of Appeals. Regardless of which standard of review the Court of Appeals applied to the issue of the descriptiveness of the words "hummingbird" and "butterfly" in the context of this case, the result is the same.

B. The Court Of Appeal's Decision Raises No Issue Of A Conflict In Interpretation Of The Fair Use Defense Of Section 33 Of The Lanham Act

White Swan alleges that "a significant conflict exists among the circuits as to the correct application of the fair use defense to an allegation of infringement of an incontestable trademark." Petn. at 10. No incontestable registration is in evidence in this case. White Swan's characterization of the alleged conflict has no application

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[2] Ninth Circuit Rule 36-3 states: "Any disposition that is not an opinion or an order designated for publication under Circuit Rule 36-5 shall not be regarded as precedent and shall not be cited to or by this Court or any district court of the Ninth Circuit, either in briefs, oral argument, opinions, memoranda, or orders, except when relevant under the doctrines of law of the case, res judicata, or collateral estoppel."

in this case. The petition should be denied on this basis alone.

White Swan's characterization of this case as evidencing a conflict between the circuits in the interpretation of Lanham Act Section 33(b)(4) is false. White Swan asserts that the Court of Appeals in this case "ignored the 'otherwise than as a mark' requirement" of Lanham Act Section 33(b)(4). Petn. at 11. The falsity of this statement is readily apparent from the Court of Appeal's Memorandum wherein the court cites with approval to the District Court's finding that "Defendant's use of the phrases . . . are not [as] trademarks identifying a source, but instead are descriptive phrases used fairly to describe the nature, qualities and characteristics of the seed mixes . . . . " Petn. at 9a. Thus the District Court and the Court of Appeals found that Nature Company's uses of the terms HUMMINGBIRD SEED MIX and BUTTERFLY SEED MIX are not as trademarks,[3] the terms are descriptive of the goods and there was no evidence that the terms are not used fairly and in good faith only to describe the goods. Petn. at 11a-16a. Both the District Court and the Court of Appeals properly applied the undisputed facts to the elements of the fair use defense as set forth in Lanham Act Section 33(b)(4).

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[3] The Lanham Act definition of a trademark is as follows: "The term 'trademark' includes any word . . . used by a person . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C. § 1127.

C. The Court Of Appeals Correctly Affirmed The District Court's Grant Of Summary Judgment

White Swan continues to argue this case as if there are factual issues in dispute, when in truth the facts of the case are undisputed. White Swan's arguments are directed to the conclusions drawn by the District Court and the Court of Appeals on the basis of the undisputed facts.[4] The Court of Appeals reviewed the facts, found no genuine issues of material fact in dispute and affirmed the District Court's finding that those undisputed facts established that Nature Company's use of "HUMMINGBIRD SEED MIX" and "BUTTERFLY SEED MIX" in connection with seed mixes for growing flowers attractive to hummingbirds and butterflies was fair and non-infringing. Petn. at 8a-16a. There is no basis in law or fact for the petition sought by White Swan.

VI. CONCLUSION

The Memorandum decision of the Ninth Circuit Court of Appeals does not give rise to a conflict with the decision of another United States court of appeals on the standard to be applied in reviewing the grant of summary judgment nor the interpretation of the fair use defense set forth in Lanham Act Section 33(b)(4). The Court of Appeals reviewed the District Court's order de novo and

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[4] The Court of Appeals stated, "White Swan's main arguments seem not to be directed to disputed facts, but to the District Court's conclusions based on the facts before it. The only fact about which the parties disagree – the type size on Nature Co.'s seed cans – is readily resolvable by viewing the seed can labels." Petn. at 11a, fn. 6.

found that there were no genuine issues of material fact in dispute and that the correct substantive law was applied. There is no need, no reason and no basis for this Court's intervention. Nature Company respectfully urges that the petition be denied.

DATED: November 30, 1994

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